

The U.S. Economy: In Search of Solutions

In a previous article, “Underemployment Sabotages Millions of Americans,” we briefly looked at what is one of the biggest problems in the U.S. economy: underemployment and unemployment. We looked at some of the causes, including: automation, outsourcing, and greed. In this article, we hope to look at possible solutions.

The System is Broken

Right now, the foundation of the U.S. economy is built on the trickle down economic theory: that providing economic advantages to the upper-level incomes will benefit society as a whole through wealth investment that leads to jobs creation for lower income people. Unfortunately, the trickle down theory does not work.

Not only does it not work, it's a complete joke. The trickle down theory began as a quip by humorist Will Rogers who, during the Great Depression, said, “... money was all appropriated for the top in hopes that it would trickle down to the needy.” Hopes, here being the operative word. More recently, trickle down economics has become synonymous for Reaganomics.

According to a January 2015 article on [CNN Money](#), “Wealth does not trickle down from the rich to the poor. Period.” For a short article on why trickle down economics doesn't work, written from the viewpoint of a wealthy venture capitalist, click [here](#).

Some of the reasons the trickle down theory doesn't work are obvious:

- The minimum wage is unlivable, forcing low paid workers to live below the poverty level (underemployment), or hold multiple jobs to make ends meet.
- Tax breaks often put the burden of taxes disproportionately on the middle class.
- Greed is an unfortunate consequence of being human. And greed needs to be checked, much as dishonesty (fraud, perjury) and anger (violence) are checked through laws.

Creating Jobs is Expensive

Even if greed were eliminated, however, the system still wouldn't work. Often, jobs creation is prohibitively expensive. The amount of capital required to create a self-sustaining job, both from experience in Europe and the U.S., is \$1 million. According to this formula, creating 50 million jobs would require over \$50 trillion. Of course, this is well beyond the capabilities of a U.S. \$15 trillion GDP (gross domestic product), or beyond the liquidity of the 0.1% wealthy.

Therefore, even if the wealthy *wanted* to trickle down their wealth, the result still would not eradicate the underemployment/unemployment problem.

A Solution

In order to create a meaningful solution, we must:

- Reduce the cost of creating jobs; and
- Reorganize the access to the distribution of jobs.

One way to reduce the cost of job creation is to organize communities, where the remuneration for work will be money, plus participation in equity and in communal intangible rewards. This is the foundation of self-sustaining economic communities (SSECs).

The reallocation of the jobs is a much more difficult task. First, the service industry will have to be reallocated to the small local communities (global villages). In order to this, we have to want to care for each other.

Currently, it costs, on average, \$560 per day to keep a family member with Alzheimer disease in an institution. In SSECs, family members can take better and more compassionate care of their loved ones at a much lower cost. Global villages will also reduce the cost of Medicare.

This bears emphasis: **We are not talking about the redistribution of wealth.** We are not suggesting a Robin Hood solution. What we are hoping for is reallocation of jobs with equal access to all. But, for this to be politically feasible, our basic attitudes must change. Greed, as the basic operating force, must be regulated.

We may have to forego some efficiency and profit to create jobs. For example, if the use of robots on the assembly line leads to 5% efficiency increase and cost reduction for the shareholders, but it comes at the cost laying off equivalent valued workers, we will have to choose to keep the workers. Another example is supermarkets. Self-checkout doesn't benefit customers. And it certainly doesn't benefit the workers who lose their jobs. It only benefits the corporations' bottom lines. Eliminating such automation is taking a step backward in one way, but a stride forward in another.

As our consumption is at the cost of our common resources, we have to examine the nature of our consumption. There are some fundamental needs—food, shelter, and energy. Then there may be some wants and desires, like trading in the iPhone 5 for an iPhone 6, buying a new car every three years instead of every six years. Having these types of priorities could actually benefit the economy if this type of consumption leads to more jobs. In other words, we, as a society, need to shift from me, me, me to we, we, we.

Unemployment and underemployment lead to increased need for economic support from the government (food stamps, jobs training programs, etc.) and social services. Unemployment costs taxpayers. Poverty kicks off a whole set of non-economic consequences.

Therefore, in order for our country to thrive, we must find a solution for unemployment and underemployment.

I don't have all the answers. What I'm hoping is this website will engage you in meaningful discussion and, together, we can help create solutions.